

**Idaho State Group Insurance Advisory Committee
February 22, 2010
Meeting Minutes**

The February 22, 2010 meeting of the Idaho State Group Insurance Advisory Committee was held in Conference Room 155, LBJ Building, 650 West State Street, Boise, Idaho.

ATTENDANCE

Members Present:

Senator Charles Coiner
Representative Anne Pasley-Stuart
Director Mike Gwartney
Dirk Humiston, Retired Employee
Betsy Johnson, Active Employee
Andrea Patterson, Judiciary Representative

Others Present:

Teresa Luna, Chief of Staff, Department of Administration
Cynthia Ness, Program Manager, Department of Administration
Connie Smith, Chief Financial Officer, Department of Administration
Rebecca Fry, HR Manager, Department of Administration
Margaret Odedo, Management Assistant, Department of Administration
Cindy Day, Pre-paid Legal Services Inc.

WELCOME

Director Gwartney welcomed everyone.

GENERAL BUSINESS

Approval of Minutes:

MOTION: Active Employee Betsy Johnson moved to approve the minutes as written for the November 20, 2009 Idaho State Group Insurance Advisory Committee. Seconded by Representative Anne Pasley-Stuart.

UPDATES/PROJECTS:

Committee Members and Terms: Ms. Luna reviewed draft terms for committee members, stating that the draft follows the legislative intent of HB173. Final changes to member terms will be submitted for approval to the committee members.

Retiree Communication Update: With the help of SHIBA, Cynthia Ness reviewed that we have continued to work at contacting retirees to assure that they have obtained a Medicare supplement plan. We have 46 retirees that we have not had any response from; 4 for whom we do not have correct address information. These retirees may have found a new carrier, but have not chosen to inform us. Ms. Luna noted that our communication efforts included 15 mailings and numerous calls to retirees to ensure that they have moved to another carrier. All retirees and spouses 65 or older were terminated from the Retiree Medical plan effective January 1, 2010.

Draft Benefits Statement: Cynthia Ness provided three different examples of an Employee Benefits Statement to the committee, in prior years annual benefit statements have been generated by the Controller's Office and distributed to employees through the Division of Human Resources on an annual basis. She indicated that we would like to provide this information again to employees and asked for input from the committee. After review of all formats it was decided that format #1 (attached) should be used with some modifications. The

review of all formats it was decided that format #1 (attached) should be used with some modifications. The committee agreed that the best communication avenue would be via email or on the Controller's Self Service site where employees currently view their pay stubs. Ms. Ness will contact the Controller's Office to review interfacing challenges with agencies that do not use the Controller's Office for payroll purposes. She will also contact PERSI to see if interface possibilities are available to include information for each employee as to what the employee's benefit would be at Rule of 90, and at full service retirement age. Approximate associated cost, financing of project and new document will be reviewed at the next meeting.

Part-time Benefits: Ms. Rebecca Fry reviewed audit findings from September 20th through November 28, 2009; stating that the total of part time employees during this period was 2015 with the following breakdowns of each tier.

- Tier 3 = 1095
- Tier 2 = 554
- Tier 1 = 366

The audit indicated several occurrences where part-time employees moved into full-time positions or where an employee began employment in the middle of a pay period and subsequent pay periods showed more hours. The audit resulted in the need to correct the tier assignment for 169 employees. Ms. Fry stated that this audit process provides an opportunity to monitor how state agencies are applying eligibility requirements and the first audit resulted in 26 employees determined ineligible due to not meeting requirements. Ms. Fry concluded that from this first audit, a potential savings of at least \$2,781,824 will be realized. Ms. Fry was asked about the number of employees declining coverage since implementing the tiers and she stated that between January 1 and June 14, 2009 there were 334 who declined coverage; between June 15 and September 19, 2009 there were 428; and between September 20 and November 28 there were 483 or an approximate increase of 3.53% over the previous timeframe. Sen. Coiner asked if we could find out how many went to spouse's coverage. Ms. Fry responded that this may be a little difficult due to confidentiality. It may be possible to do a follow up survey for the next meeting.

Changes in Prescription Drug Policy/Results: Ms. Ness reported that we have realized a savings of 4.6 million with retirees leaving the plan. She has only had a few concerns with the change of the prescription plans.

From time to time the formulary is subject to change based on data from the pharmacy industry and review by the Blue Cross Pharmacy and Therapeutics (P & T) committee with is made up of private physicians and pharmacists. It was asked if the formulary could be reviewed with employees prior to open enrollment for saving accounts. Follow up will be provided at the next meeting.

Director Gwartney noted that the Dental Plan has been moved from Delta to Blue Cross, saving about \$300,000, and improved administrative services.

Insurance Reserve Report: During renewal negotiations the Department looks at three major things when selecting a medical plan carrier; how much they charge to process and pay claims, what their reserve requirements are to eliminate a risk charge in their administrative fee; and the size and stability of their provider network.

Ms. Smith reviewed two reserve scenarios provided by the actuary, Milliman, on group benefits; one scenario for actuarial reserves at the 95% level and a second scenario on actuarial reserves at the 90% level that would free up \$20 million in reserve funds to be used for a premium reduction in FY2011. She also provided

information on the appropriation levels set for medical and dental reserves for FY 2011 \$9,300 per FTP. JFAC adopted the actuarial reserve requirement of 90% for FY2011. This will be a one-time exception and the JFAC committee should anticipate an increase in the FY 2012 budget.

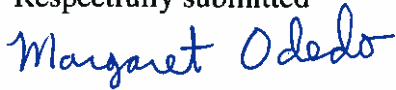
DISCUSSION ITEM: no other items discussed.

ANY OTHER BUSINESS: no other business.

ADJOURNMENT

Meeting adjourned 12:45 p.m.

Respectfully submitted



Margaret Odedo

Fiscal Year 2008 Total Compensation Statement

A Message from Governor C.L. "Butch" Otter



The total compensation for your employment includes many benefits in addition to your wages. The statement gives you an annual record of your pay and benefit information to help you better understand the full value of your compensation.

As a state, we contribute over \$XXX million dollars to our employee's benefit plans. We will always continue to research innovative ways to provide you with high quality benefit programs in order to protect you and your family now and in the future. I appreciate all the hard work you do for the citizens of Idaho.

Sincerely,

C.L. "Butch" Otter, Governor

John Doe Smith Hourly Rate: \$17.43 Credited State Service Hours: 21,880		Annual Salary: \$55,973 Years with State (based on 2080 hours): 10	
Health Medical You have elected employee, spouse, and children only, with vision coverage in the Traditional plan. Your Annual Contributions: \$1,176.00 The State's Annual Contributions: \$6,920.16 Dental You have elected employee only coverage in Delta Dental. Your Annual Contributions: \$ 54.00 The State's Annual Contributions: \$ 204.96			
Retirement Retirement (PERSI) Your Annual Contributions (6.23%): \$3,487 The State's Annual Contributions (10.39%): \$5,816 Choice Plan 401(k) Enrollment Status: Yes and contribution rate = 4% Deferred Comp 457 plan Enrollment Status: No and contribution rate = 0%		Insurance Supplemental Life Insurance Enrollment Status: Yes Current Monthly Premium: \$9.52 equal to \$56,000 Flexible Spending Account (FSAs) Medical Reimbursement Account Status: Yes Current Year Election Amount: \$1,170 Dependent Care Account Enrollment Status: No Current Year Election Amount: \$0 Basic Life Employee: \$56,000 Spouse: \$2,000 Each eligible Child: \$1,000	
Employee Self-Service Direct Deposit Enrollment Status: Yes Online Pay Stub Enrollment Status: Yes Online W-2 Enrollment Status: Yes		Fringe Benefits Annual Value of Paid Time Off Benefits 10 Holidays: \$2,184.00 Annual Vacation Leave: (18 days) \$4,586.44 Annual Sick Leave: (12 days) \$2,620.58	
Other Benefits A variety of other state employee benefits, including: Family Medical Leave (FMLA) Medical, Dental, Appointment Time Employee Assistance Program (EAP) Mental Health & Substance Abuse Treatment		Total Compensation Annual Salary: \$55,973 Total Employer Paid Benefits: \$17,648 Total Compensation: \$73,621	

For more information regarding this statement please visit: employee.idaho.gov